

# **FISCAL MEMORANDUM**

## **SB 4028 – HB 3958**

May 2, 2008

**SUMMARY OF AMENDMENTS (014948, 017642):** Amendment #014948 replaces the board of directors with the board of commissioners in the amendatory language of Section 28 of the original bill. Amendment #017642 deletes Section 25 of the original bill which required the Department of Correction (DOC), as a pilot project, to contract with up to three regional jail authorities for a minimum of inmates 50 percent higher than the average number of state prisoners housed in jails in those counties that are participants in the authority over the previous five years immediately preceding the date of such contract. Also deletes the requirement that DOC reimburse authorities an additional daily rate of up to \$15 in addition to the \$35 compensation paid by the Commission of Correction to counties to house convicted felons.

### **FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures - \$7,687,100

Increase Local Revenue - \$6,997,100

Increase Local Expenditures - \$285,000,000/One-Time/Permissive

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

**Increase Local Expenditures - \$65,000,000/One-Time/Permissive**

Assumptions applied to amendments:

- If the regional jail authority elects to build one new regional jail housing 1,000 prisoners at an average cost of \$65,000 per bed for a typical medium security facility, based upon the recent report by the PEW Center on the States, the total cost of one facility will be \$65,000,000 (1,000 x \$65,000 = \$65,000,000). It is assumed that Shelby and Davidson counties will not participate.
- Local governments will shift personnel from existing jails to the new facility without creating additional positions.
- According to the Department of Revenue, this bill will not have a significant impact on revenue collections as the authority will not be subject to Tennessee Franchise and Excise Tax or to Sales and Use Tax.

- According to the Tennessee Corrections Institute, any cost incurred can be accommodated within existing resources.
- Specific authority is granted to the regional jail authority to secure group insurance benefits through the Local Government Plan sponsored by the State of Tennessee. Monthly premiums paid by participating employees and their employer are determined by the age and gender characteristics of eligible employees. Premium sharing requirements are not imposed in state law or by action of the Local Government Insurance Committee. No state funds are employed to directly support the Local Government Plan presently, a situation that is anticipated to continue.
- Under current law, joint ventures of local governments may participate in the TCRS provided the governing bodies of each of the participating local governments passes a resolution authorizing such participation and accepting its pro rata share of any outstanding liability associated with the authority's participation. According to the bill, any county or municipality becoming a member of the authority by agreement after its coverage in the retirement system shall, as a condition of such agreement, be deemed to have accepted its share of the liability incurred by the authority's participation.
- Replacing the board of directors with the board of commissioners will not change the fiscal impact.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/lsc